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## BLACK AND WHITE PEPPER: WORLD PRODUCTION AND TRADE

### Summary

World production of pepper during 1957 is estimated at 162.6 million pounds a 14 percent decrease from the 1956 level of 188.2 million pounds. Production during 1957 declined 24 percent in Indonesia and 30 percent in Sarawak from the high 1956 levels. India was the only large producer to maintain its past year's production. Brazilian production, although relatively small and new, continued to improve.

U. S. imports during 1957 were 34.9 million pounds, down 12 percent from 39.6 million pounds in 1956. Prices for pepper continued to decline during 1957.

### 1958 production forecasts

World production of pepper during 1958 is forecast at 163.5 million pounds. This would be about 1 million pounds above the 1956 level of 162.6 million pounds, but the increase is less than expected, primarily because of low prices.

Indonesian exportable production during 1958 is forecast at 43.0 million pounds. This would be almost 3 million pounds greater than in 1956, but almost 10 million pounds less than 1956 production of 52.8 million pounds. Normally 1958 should be the "on year" for pepper in Indonesia, but with low prices and internal troubles, only a conservative increase is expected. However, the 1958 crop should be largely from plantings made in 1951, and since the yield from 7 year old pepper plants is of maximum quality and quantity, it is expected that the 1958 crop will be of high quality.

Sarawak's 1958 production is forecast at 27.0 million pounds. This would be 14 percent less than 1957 production of 31.3 million pounds and 40 percent less than 1956 production of 45.2 million pounds. With prices remaining low, indications are that more and more pepper gardens are being neglected with efforts being shifted to crops offering higher return.

Indian production during 1958 is forecast at 73.0 million pounds. With continued purchases by the Soviet Union and Soviet Bloc countries, and total output from Indonesia and Sarawak reduced, pepper may be more attractive to the Indian growers. Too, India consumes much of its pepper, and with continued low prices its consumption could be increased.

Production in other areas of the world is expected to remain relatively stable, since most of the pepper in these areas is produced primarily for domestic consumption.

### Production 1/

#### Eastern Hemisphere

During 1957 India, Indonesia and Sarawak continued to be the world's chief pepper suppliers. They produced 88 percent of the estimated world output.

Indian production of pepper during 1957 is estimated to have been 71.7 million pounds about the same as in 1956. Production in South Malabar was hurt by excessive rains during the growing season, but this was offset by a good crop in North Malabar. The quality of pepper produced during 1957 is reported to have been very good.

The Cashew and Pepper Export Promotion Council announced during January of 1958 that 2.7 million pounds of pepper had been sold to the Soviet Union for immediate shipment. The bulk purchase was welcomed by the Indian local trade in view of the slump in the pepper market. Russian purchases of Indian pepper have increased each year since 1954 when 3.6 million pounds were exported. The Russians purchased 4.4 million pounds in 1955; 4.5 million pounds in 1956 and 10.9 million pounds in 1957.

The Indian Council of Agricultural Research has announced a comprehensive pepper development project to increase production. The Kerala State Government plans to spend about \$20,000 during the second 5-Year Plan period on similar pepper development projects.

Domestic consumption of pepper is expected to increase in India, aided by current lower prices.

Under the 5 Year Plan, the target for production by 1960-61 has been set at 80.6 million pounds.

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1/ Includes pepper produced for domestic consumption in India, Ceylon and Indochina.



Indonesian exportable production during 1957 is estimated at 40.1 million pounds, a decrease of 24 percent from the 1956 crop of 52.8 million pounds. This decrease is attributed to the cyclical nature of the black pepper crop, and the fact that 1957 was the "off year" for production. Low prices and political instability were also contributing factors.

During 1957 it is estimated that 20.9 million pounds of black pepper and 19.2 million pounds of white pepper were produced. This compares with 29.1 million pounds and 23.7 million pounds, respectively, during 1956.

The bulk of Indonesian pepper is produced in Sumatra and Bangka and Belitung. The soil on the smaller islands of Bangka and Belitung, which produce almost all the white pepper, is poor and agricultural production is limited mainly to pepper and rubber. As the islands must import a large part of their food needs from other parts of Indonesia, the farmers depend on cash earned from pepper to buy much of their food and clothing. Thus, in spite of low prices and heavy losses from diseases, they keep producing. Producers in this area, having fewer alternatives, are willing to expend the additional family labor required to produce white from black pepper.

In South Sumatra, which has better soil, farmers are not so dependent on income from pepper and during periods of low prevailing prices the quantity produced can be expected to decline.

Unregistered shipments of pepper from Indonesia to Singapore continued during 1957 with approximately 8.0 million pounds being shipped. With the unstable conditions in Indonesia, it would seem that this practice will continue.

Exportable production of pepper from Sarawak during 1957 amounted to about 31.3 million pounds. This was a decrease of 13.9 million pounds from 45.2 million in 1956.

The decline in production may be accounted for by (1) the drop in pepper prices which makes other types of farming more profitable; (2) floods which occurred during 1956; (3) diseases which have not been kept under control because of low prices.

The price drop is believed to be chiefly responsible for the decline in production. It has caused farmers to neglect maintenance, cultivation, and care of their gardens. Farmers say they cannot pay high prices for fertilizer to increase production with pepper prices at their present level. Floods during 1956 did considerable damage to existing gardens, most of which, have not been rehabilitated. However, it is felt that if prices increased sufficiently, most of these gardens could be restored to full production.

The Sarawak Department of Agriculture is not encouraging increased pepper production, but is placing emphasis on other crops.

Malayan production of pepper, if any, is believed to be small. However, the port of Singapore continued to be the chief pepper marketing center in Asia. Trade sources in Singapore indicated that 1957 year-end carry-over of pepper was about 15.6 million pounds. This is substantially above what they consider a normal 6.7 million pound carryover. This carryover was accounted for primarily by the year-end arrival of about 9 million pounds from Indonesia.

Production of pepper in Ceylon increased slightly during 1957 from 11.5 million pounds in 1956 to 11.8 million pounds. Most of the pepper is consumed locally.

The production of pepper in Indochina, the main source of French supply before the war, is localized in Cambodia and southern Vietnam. The pepper plantations reportedly are almost entirely operated by Chinese farmers. Most of the output is black pepper.

Cambodia is the most important source of pepper in Indochina and prior to the war supplied about 90 percent of the pepper exports and Vietnam the remainder. Formerly some of the Cambodian pepper was exported to Saigon, but when the Vietnamese Government placed a compensatory tax on exports the shipments stopped and Cambodia has since exported direct from Phnom Penh.

During 1956 it is estimated that about 5 million pounds were produced, and with low prices no increases occurred during 1957.

Africa does not produce much pepper. Nearly all comes from Madagascar, where it is primarily a smallholders crop. When prices are attractive farmers tend the vines and harvest the crop. The producing area is along the northwest coast, particularly on the small island of Nossi-Bé.

Production is estimated at 1.5 million pounds, compared with 1.6 million in 1956.

Production in the British Southern Cameroon and the Belgian Congo is believed to be negligible.

#### Western Hemisphere

In recent years progress has been made toward establishing a pepper industry in the Western Hemisphere. So far the only real success has been in Brazil. While commercial production did not start until about 1948, indications are that pepper is well suited to the Amazon Valley. The state of Pará continues to be the principal producer, accounting for over 93 percent of the total output. There have been numerous commercial plantings recently in Amazonas which is to take its place soon as Brazil's second most important pepper-producing state.



During 1956 total production in Brazil amounted to 4.5 million pounds and increased to 4.8 million pounds during 1957. Brazil uses about 2 million pounds annually and if the production increase continues, more pepper is expected to enter world trade channels.

Puerto Rico is producing pepper in experimental plots. However, it is too early to predict the outcome of these experiments. More time is needed to determine cost of production, yielding ability and disease resistance.

### 1957 Trade

World net exports of pepper during 1957 of 114.0 million pounds were 9 percent less than 1956 exports of 125.1 million pounds. Exports during 1957 from Indonesia and Sarawak dropped 9 percent and 31 percent, respectively from the 1956 levels. India, on the other hand, increased its exports by 6.7 million pounds from 27.4 million pounds in 1956 to 34.1 million pounds in 1957. These 3 countries exported 98 percent of the total entering trade channels.

Net exports of pepper from Indonesia during 1957 stood at 45.8 million pounds. This can be compared with 1956 exports of 50.5 million pounds and 1955 exports of 35.7 million pounds. The best customers for Indonesian pepper during 1957 were Singapore, the United Kingdom and the United States. Recorded exports during the first 5 months of 1958 were about 15 percent behind those of last year. This could possibly be due to the fact that with Dutch trading firms forced out of business, there has not been enough time for the Indonesians to establish trade contacts with the former customers of the Dutch.

Exports of pepper from Sarawak averaged about 1.4 million pounds during 1946-1950, rising to 45.1 million pounds in 1956. However, during 1957 with the drop in production, exports from Sarawak amounted to only 31.3 million pounds. Most of the pepper produced in Sarawak is exported to Singapore.

Indian exports during 1957 were expected to be lower than during 1956, but owing to increased demand from Communist countries, exports increased 6.7 million pounds. Exports to the United States have declined each year since 1954 when they were about 20 million pounds. During 1957 they were only about 11 million pounds, probably because of the keen competition from Indonesia and Sarawak.

During 1957 new markets were found for Indian pepper in Czechoslovakia, Poland, Bulgaria, Roumania, East Germany, Denmark, and Switzerland. During 1957 Czechoslovakia took 286 thousand pounds. Barring small quantities taken during 1954, Czechoslovakia had not imported from India. Poland imported 1.3 million pounds in 1956 with no history of earlier importation. East Germany took 477 thousand pounds, Hungary 157 thousand pounds, Bulgaria 150 thousand pounds, and Roumania 885 thousand pounds. The Soviet Union also took more pepper from India.

Net exports from the remainder of the world's producing countries during 1957 amounted to 2.2 million pounds. This was an increase of about 800 thousand pounds over 1956 and was accounted for by increased exports from Brazil.

### U. S. Situation

U. S. imports of unground black and white pepper during 1957 were 34.9 million pounds or 12 percent less than the 39.6 million pounds in 1956. The 34.9 million pounds imported consisted of 32.5 million pounds of black pepper and 2.4 million pounds of white pepper. Indonesia was the chief supplier during 1957 furnishing a total of 16.1 million pounds (46 percent); India 12.7 million pounds (36 percent); British Malaya 4.7 million pounds (14 percent) and other countries 1.4 million pounds (4 percent).

With more-than-ample supplies available during 1957 and with low prices prevailing for pepper, an increase in pepper imports for consumption had been expected, but failed to materialize. Possibly, with the price continuing to drop importers were buying only what was needed to cover short-term commitments, waiting to determine the extent of the price decline. Too, there are more spices available to consumers than in the past years and this may tend to limit greater use of pepper.

### Prices

Table 1.--Pepper: Yearly average wholesale price per pound, and world production averages 1935-39, 1946-50, annual 1951 to 1958 1/

Year	Price	Production
	Cents per pound:	Million pounds
1935-39.....	5.7	184.2
1946-50.....	83.0	88.2
1951.....	169.3	95.7
1952.....	153.7	94.3
1953.....	127.8	104.5
1954.....	73.2	146.9
1955.....	44.8	145.6
1956.....	31.5	193.0
1957.....	27.1	162.6
1958..... <u>2/</u>	25.2	164.5

1/ Bagged, carlots, New York f.o.b. 2/ Average first 6 months 1958 only.

Pepper prices have been characterized by wide and violent price fluctuations. From a peak of over \$2.65 per pound in August of 1950, prices have declined each year since then and during 1957 the average wholesale price for black pepper was 27.1 cents per pound. During the first 6 months of 1958 the price has averaged 25.2 cents per pound.



High prices have always stimulated new plantings, which later lead to over production and low prices. During these periods of low prices plantings are neglected and even abandoned, thereby causing shortages and high prices again, and the beginning of a new cycle. Should this theory prove true again it would appear that we presently are in that portion of the cycle where a reduction in supply begins to take place because of low prices.

While it is not possible to predict what future prices will be it is noted that each year since 1954 the amount that prices have averaged declining has been less each year.

During 1953 the average price for pepper was 127.8 cents per pound and during 1954, 73.2 cents per pound. The drop amounted to 54.6 cents per pound. The spread between the 1954 price of 73.2 cents and the 1955 price narrowed to 28.4 cents; for the 1955 and 1956 price the difference was 14.3 cents, and the spread between the price for 1957 and 1956 was only 4.4 cents. Based on average prices for the first six months of 1958 the spread between the 1957 price would appear to be somewhat in the vicinity of 2 cents per pound. From these observations it would appear that the amount of decrease in price each year since 1953 has been approximately  $\frac{1}{2}$  of what it was for the preceeding year.

#### Outlook

The production of pepper during the next few years should remain at or increase slightly from the present level. Plantings since World War II in Indonesia and Sarawak, plus Indian production will provide an adequate supply if returns to growers are profitable. However, 2 deterrents to an increase in production are in evidence more strongly now than at any time since the last war. Prices have continued to drift downward, and abandonment of pepper for other crops is quite frequent. Without care, disease will take its toll of the pepper plants and output could be further reduced.

Table 2.--- Pepper, black and white: Estimated world production, forecast 1958 with comparisons

Producing area	Average			1954	1955	Preliminary		Forecast
	1935-39	1946-50	1950-54			1956	1957	
Million pounds								
Asia:								
Indonesia .....	128.6	7.9	19.4	38.4	30.2	52.8	40.1	43.0
Sarawak .....	5.3	0.2	13.4	34.6	37.1	45.2	31.3	27.0
India .....	33.1	68.0	58.8	56.0	58.2	71.9	71.7	73.0
Ceylon .....	5.0	--	10.5	11.3	13.5	11.5	11.8	12.0
Other Asia 3/ .....	11.5	2/ 10.0	4.5	5.4	4.9	2/ 5.0	2/ 5.0	5.0
Total Asia .....	183.5	86.1	106.6	145.7	143.9	186.4	159.9	160.0
Africa 4/ .....	0.7	2.1	1.8	1.1	1.7	1.6	1.5	1.5
Latin America 5/ .....	--	--	--	0.1	--	0.2	1.2	2.0
World total .....	184.2	88.2	108.4	146.9	145.6	188.2	162.6	163.5

1/ Total production: India, Madagascar, Ceylon, and Indochina; exportable production only: Indonesia, Sarawak, Other Asia, Africa, Latin America.

2/ Foreign Agricultural Service estimate.

3/ Includes Indochina, Malaya, Thailand.

4/ Includes Madagascar, Belgian Congo, British Southern Cameroons.

5/ Brazil only.

Foreign Agricultural Service. Official publications of foreign governments, reports of Agricultural Attaches and other U. S. representatives abroad, and other information.





Table 4.--Pepper: Indian exports by countries of destination  
including certain specified Iron Curtain countries  
during 1957

Country	Pounds	Country	Pounds
United Kingdom.:	243,264	Russia.....:	10,992,800
West Germany...:	616,784	East Germany....:	477,344
Italy.....:	1,826,160	Poland.....:	1,310,400
Canada.....:	1,552,656	Hungary.....:	156,800
United States...:	11,318,944	Czechoslovakia...:	286,496
Others .....	4,289,712	Bulgaria .....	150,080
		Roumaina .....	884,800
Total.....:	19,847,520	Total.....:	14,258,720

Source: Compiled from Official Statistics of India.

Table 5.--Pepper: Brazilian exports ----- pounds

Country of destination	1956	1957
United States .....	132,276	1,041,674
Germany .....	19,912	122,355
Japan .....	13,228	--
Belgium & Luxembourg .....	--	11,023
Total .....	165,416	1,175,052

Source: Brazilian Statistics.

Table 6.--Pepper: United States net imports and apparent per capita consumption 1957, with comparisons

Year	Net imports	Total population July 1	Apparent per capita consumption
	1,000 pounds	Million	Pounds
Average:			
1920-24 .....	29,207	111.0	0.263
1925-29 .....	26,625	119.7	0.222
1930-34 .....	33,057	125.5	0.263
1935-39 ..... <sup>1/</sup>	34,600	129.8	0.266
1940-45 ..... <sup>2/</sup>	28,900	136.8	0.203
1946-50 .....	27,794	147.5	0.188
Annual:			
1951 .....	23,572	154.4	0.153
1952 .....	27,922	157.0	0.178
1953 .....	29,795	159.6	0.187
1954 .....	37,778	162.4	0.233
1955 .....	35,155	164.3	0.214
1956 .....	39,483	167.2	0.236
1957 .....	34,758	168.4	0.206

<sup>1/</sup> Net imports of 53.7 million pounds less an estimated 19.1 million pound annually for stockpiling.

<sup>2/</sup> Six year average net imports, to which is added the quantities stockpiled during 1935-39.

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